

The California Employers' Retiree Benefit Trust Strategic Asset Allocation (eff. 1/2007)

The CERBT is managed to a customized Asset Allocation Strategy exclusively by CalPERS' staff in a unitized fund structure. A unitized fund structure allows multiple participants to contribute to a pool of assets while maintaining historical records and producing individual Net Asset Values (NAVs) for each participant.

<u>Asset Class</u>	<u>CERBT Target</u>	<u>CERBT Range</u>	<u>CERBT</u>	<u>Management</u>
U. S. Equity	35%	30% - 40%	Pooled S&P 500 Equity Index Fund: CalPERS' S&P 500 Fund is actively managed to the S&P 500 ex Tobacco index to obtain a broad domestic equity market exposure.	internal
Int'l Equity	29%	24% - 34%	Equity Index Fund: CalPERS' International Equity Fund is managed passively to the FTSE All World ex U.S. & Tobacco index to obtain exposure across international markets.	internal
Total Equities	64%	54% - 74%		
REITs	10%	7% - 13%	Enhanced CORE Index Public Real Estate Equity Securities: CalPERS' Enhanced CORE PREES is actively managed to meet or exceed the custom CalPERS Enhanced Core PREES Real Estate Securities Index. Provides broad exposure to core property types consisting of office, industrial, apartment and retail (shopping centers and regional malls) in a publicly traded form.	internal
Total Real Estate	10%	7% - 13%		
U. S. Fixed Income	20%	17% - 23%	USD Denominated Fixed Income Program: CalPERS' Domestic Fixed Income Fund is actively managed to the Lehman Long Liability index, consisting of corporate, government, convertible, and mortgage-backed securities.	internal
High Yield	6%	3% - 9%	USD Denominated Fixed Income Program: High yield bonds are actively managed against the Lehman High Yield Index and are a subset of CalPERS' Domestic Fixed Income Fund.	internal
Total Fixed Income	26%	20% - 31%		
Cash Equivalent	0%	0%	USD Denominated Short-Term Program: Contributions to the CERBT are managed on a short-term basis to exceed the total rate of return of the State Street Bank Short Term Investment Fund (SSB STIF).	internal
Actuarial Assumed Return:	7.75%			
Expected Risk:	11.91%			
Return/Risk:	0.65%			

What is definition of "internal" management?

Funds that are "internally" managed are those funds managed exclusively by CalPERS' staff at CalPERS headquarters via internal trading desks and settling procedures.